

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03
H-01 PM-04 NSC-05 SP-02 SS-15 XMB-02 TRSE-00
OMB-01 FRB-03 /076 W
-----271719Z 002249 /45

R 271336Z MAR 77
FM AMEMBASSY MANAMA
TO SECSTATE WASH DC 4429
INFO AMEMBASSY ABU DHABI UAE
AMEMBASSY KUWAIT KUWAIT
AMEMBASSY BRUSSELS BELGIUM
AMEMBASSY MUSCAT OMAN
AMEMBASSY DOHA QATAR
AMEMBASSY ROME ITALY
AMEMBASSY LONDON UK
AMEMBASSY PARIS FRANCE
AMEMBASSY JIDDA SAUDI ARABIA
AMCONSUL DHAHRAN SAUDI ARABIA
AMEMBASSY TEHRAN IRAN

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ROME FOR RCAA
BRUSSELS FOR FAA

E.O. 11652: N/A
TAGS : EAIR, BEXP
SUBJECT : GULF AIR: MERGER TALKS AND OTHER DEVELOPMENTS

REF : KARACHI 930

1. GULF BOARD MEMBER, AND GOB MINISTER OF DEVELOPMENT AND
INDUSTRY, YUSUF SHIRAWI, TOLD AMBASSADOR MARCH 27 THAT LAST
WEEK'S MINISTERIAL LEVEL MERGER TALKS WITH KUWAIT AIRWAYS WERE
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"A BUST". SHIRAWI SAID KUWAITIS PROPOSED A JOINT GULF
AVIATION DIRECTORATE RATHER THAN ACTUAL MERGER OF KAC AND GULF.
GULF AIR REPS AT MEETING NOT OPPOSED TO THIS IN PRINCIPLE BUT
WONDERED WHAT SUCH ORGANIZATION WOULD ACTUALLY DO. KUWAITI
INTERACTION APPARENTLY WAS TO BEGIN WITH JOINT CIVAIR DIRECTORATE
AND THEN, VERY SLOWLY ACCORDING TO SHIRAWI, MOVE TOWARD AIRLINE
MERGER. SHIRAWI SAID GULF AIR, AND GOVERNMENTS WHICH OWN IT,

SAW NO SENSE IN THIS APPROACH. ALSO, CHOICE OF 747 AIRCRAFT COMPLICATED PROSPECTS OF MERGER SINCE THAT AIRCRAFT DOESN'T FIT GULF AIR EXPANSION PLANS. SHIRAWI SAID KUWAITIS TOLD HIM THAT 747 WAS CHOSEN BECAUSE LOCKHEED TRISTARS "COULDN'T GO NON-STOP FROM GULF TO LONDON". IT CAN AND DOES, OF COURSE. SHIRAWI SAID IGNORANCE BEHIND KAC DECISION, AND FACT IT WAS MADE AS MERGER TALKS BEGAN, ADDED TO NEGATIVE IMPACT OF CIVAIR DIRECTORATE IDEA.

2. SHIRAWI SAID GULF ALREADY HAS TURNED TO SAUDIA TO DISCUSS GULF-SAUDIA COOPERATION. SHIRAWI'S IDEA IS FOR GULF AND SAUDIA TO SHARE IN LONG HOP ARRANGEMENTS TO AFRICA, FAR EAST, AND U.S. SHIRAWI'S THINKING ON THIS CLEARLY IN EARLY STAGES AND AMBASSADOR GATHERED THAT WHILE SAUDIS HAVE TOLD SHIRAWI THEY ARE AGREEABLE IN PRINCIPLE, DETAILED DISCUSSIONS HAVE YET TO BE ARRANGED.

3. VC-10 REPLACEMENT. SHIRAWI SAID GULF IS MOVING NOW, "BUT QUIETLY", TO GET RID OF MONEY-LOSING VC-10'S. SHIRAWI SAID DECISION HAS BEEN MADE TO AT LEAST REDUCE LOSSES OF VC-10'S BY WET LEASING SOME 707'S AS SOON AS POSSIBLE.

4. GULF IS ANXIOUS TO ACQUIRE TWO NEW TRISTARS BUT FINANCING REMAINS A PROBLEM. SHIRAWI SAID HE HOPED TO HANDLE FINANCING BY HAVING FOUR GOVERNMENTS GUARANTEE AN EXIMBANK LOAN TO GULF AIR. SHIRAWI SAID HE BELIEVED HE WOULD BE ABLE TO GET ALL FOUR ON BOARD FOR THIS APPROACH.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, BUSINESS MERGERS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANAMA00713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770105-0404
Format: TEL
From: MANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770318/aaaaapbu.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c5f439b1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 KARACHI 930
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2983363
Secure: OPEN
Status: NATIVE
Subject: GULF AIR: MERGER TALKS AND OTHER DEVELOPMENTS
TAGS: EAIR, BEXP, BA, GULF AIR, KUWAIT AIRWAYS
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c5f439b1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009